

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
ALBION TELEPHONE COMPANY FOR) CASE NO. ALB-T-02-2
AUTHORITY TO BORROW UP TO \$15,000,000)
FROM THE RURAL TELEPHONE UTILITIES) ORDER NO. 29378
SERVICE (RUS).)**

On June 20, 2002, the Commission conditionally granted Albion Telephone Company's (Albion) Application for Loan Approval requesting authority to execute a loan contract amendment and supplemental mortgage with the Rural Telephone Utilities Service (RUS) in an amount not to exceed \$15,000,000. Order No. 29058. On October 27, 2003, the Commission received a request from Albion to clarify the terms of Order No. 29058.

REQUEST FOR CLARIFICATION

According to Albion's request for clarification, the RUS sent Albion a loan verification letter dated October 21, 2003 for a \$7,500,000 RUS hardship loan and concurrent loans in the amounts of \$4,046,000 from the RUS and \$2,355,150 from the Rural Telephone Bank (RTB). The aggregate loan amounts of \$13,901,150 are within its existing authority under Order No. 29058 but the Rural Telephone Bank loan was not anticipated at the time of the original Application and Order. Thus, Order No. 29058 needs to be amended to allow issuance of debt by the Rural Telephone Bank along with the Rural Telephone Utilities Service. The other terms and conditions approved in Order No. 29058 will not be changed.

**FINDINGS OF FACT
AND
CONCLUSIONS OF LAW**

Albion is a telephone corporation within the definition of *Idaho Code* § 61-121 and is a public utility within the definition of *Idaho Code* § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of *Idaho Code* § 61-901 *et seq.*, and the request for clarification reasonably conforms to Rules 325 of the Commission's Rules of Procedure, IDAPA 31.01.01.325.

After examining Albion's request and supporting documents, the Commission finds that a hearing in this matter is not required, and that the proposed transaction is consistent with the public interest and Albion's proper performance of its duties as a public utility.

The general purposes to which the funds will be put are lawful purposes under the Public Utilities Law of the State of Idaho and are compatible with the public interest. However, this general approval of the general purposes to which the funds will be put is neither a finding of fact nor a conclusion of law that any particular construction program from which Albion may benefit by the approval of this clarification request has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of an Order authorizing the borrowing of funds does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

So that the Commission can keep abreast of loan developments, this Order is conditioned upon Albion meeting the following reporting requirements. The Company shall provide: 1) copies of the RUS and RTB final loan approvals including documentation for advances; 2) a copy of any executed collateral documentation; 3) copies of **all** annual certification, covenant reports, and letters regarding these determinations; and 4) the "Report of Securities Issued." However, this limited oversight does not guarantee that the costs of such projects will be automatically recovered in the next rate case. To the extent that these loan funds are used for non-regulated services, any adjustments associated with non-regulated costs will occur in future rate cases.

Albion has paid the fees required by *Idaho Code* § 61-905.

Pursuant to Idaho Code § 61-624 and Procedural Rule 326, the Commission finds that Albion's request for clarification should be granted and conditioned by the reporting requirements set out below. IDAPA 31.01.01.326.

ORDER

IT IS THEREFORE ORDERED that Albion Telephone Company's request for clarification of Order No. 29058 is granted.

IT IS FURTHER ORDERED that Albion may execute the loan documents with the Rural Telephone Utilities Service and Rural Telephone Bank presented with its clarification request and described above.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuation,

estimates, or determination of costs, or any other matter that may come before this Commission pursuant to this jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provision of Chapter 9, Title 61, *Idaho Code*, or any act or deed done or performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any funds authorized under the provisions of Chapter 9, Title 61, *Idaho Code*.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Albion's exhibits or other material accompanying the original Application or request for clarification for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory orders previously issued in this Case No. ALB-T-02-2 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory orders previously issued in this Case No. ALB-T-02-2. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration in response to issues raised in the petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 10th
day of November 2003.



PAUL KJELLANDER, PRESIDENT

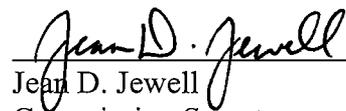


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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